COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0725-06
Bill No.: HCS #2 for SCS for SB 100
Subject: Disabilities; Social Services Department; Taxation and Revenue - Income; Tax Credits
Type: Original
Date: May 11, 2011

Bill Summary: This proposal would make multiple changes to economic development and tax credit programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue *	Unknown Greater than $100,000	Unknown Greater than $100,000	Unknown Greater than $100,000
Total Estimated Net Effect on General Revenue Fund	**Unknown Greater than $100,000**	**Unknown Greater than $100,000**	**Unknown Greater than $100,000**

*** Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 38 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Legal Defense and Defender	Unknown	Unknown	Unknown
Missouri Science and Innovation Reinvestment	$0	$0	$0
Conservation Commission	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (More than $100,000)
Parks, and Soil and Water	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (More than $100,000)
School District Trust	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (More than $100,000)
Total Estimated Net Effect on Other State Funds	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $300,000)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	3	3	3
Total Estimated Net Effect on FTE	**3**	**3**	**3**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $100,000)**

FISCAL ANALYSIS

ASSUMPTION

Sections 32.028, 32.087, 32.088, 32.383, 32.410-32.460, 105.716,140.910, 144.083,168.071
Department of Revenue Collection Procedures

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a similar proposal (HB 316 LR 1149-01) would not result in additional costs or savings to their organization.

BAP officials also assumed the proposal would increase general and total state revenue by improving tax collection procedures and/or debt owed to the state. It would also allow the Department of Revenue (DOR) to retain 1% of the amount of any local sales or use tax collected to cover their costs. This proposal would also give DOR authority to collect debt on behalf of other state agencies. All taxes in this proposal are existing, so there would be no 18e impact.

BAP deferred to DOR for estimates of the costs and increased revenue collections resulting from operational efficiencies.

Officials from the **Department of Revenue** (DOR) assumed a similar proposal (HB 316 LR 1149-01) would make changes to the state's revenue collections process.

In Section 32.028, DOR would collect all taxes and fees and may collect, upon referral by a state agency, debts owed to any state agency, payable to the state as provided by law.

In Section 32.087 the proposal would add provisions stating that DOR could retain one percent of the amount of any local sales or use tax collected for cost of collection.

ASSUMPTION (continued)

Section 32.088 would add a requirement as of January 1, 2012, for the possession of a no-tax due statement from the Department of Revenue stating there are no taxes due under chapters 142, 143, 144, 147 and 149 and no fees due under chapter 260 for the issuance or renewal of any city or county occupation license or any state license required for conducting any business. The statement of no tax due could be dated no longer than 90 days before the date of submission for application or renewal of the city or county license. Alternatively, as of January 1, 2012, in lieu of a no-tax due statement, DOR could enter into an agreement with any state agency responsible for issuing any state license for conducting any business, requiring the agency to provide DOR with the name and tax identification number of each applicant for licensure within one month of the date the application is filed or at least one month prior to the anticipated renewal of a licensee's license. If such licensee is delinquent on any taxes, DOR would send notice to each such entity and licensee. In the case of such delinquency or failure to file, the licensee's license would be suspended within 90 days after notice of such delinquency or failure to file, unless DOR verifies that such delinquency or failure has been remedied or arrangements have been made to achieve such remedy. DOR would also send written notification to the licensee that the delinquency has been remedied. A tax liability paid in protest or reasonably disputed would be considered paid for the purposes of this section.

DOR and ITSD-DOR would need to make programming changes to various processing systems.

Section 32.383 would authorize an amnesty from the assessment or payment of penalties, additions to tax, and fifty percent of the interest due under chapters 32, 143, and 144, with respect to unpaid taxes administered by DOR which are reported and paid in full from August 1, 2011, to October 31, 2011. The amnesty would apply only to state tax liabilities due but unpaid on or before December 31, 2010, and would be limited to accounts which meet certain criteria as outlined in the proposal.

DOR and ITSD-DOR will need to make programming changes to various processing systems.

Section 32.410 would create a state debt collections program.

Section 32.420 would allow all state agencies to refer to debts owed to them to DOR for collection; an agency could refer a debt to DOR at any time after the debt becomes delinquent and uncontested and the debtor has no further administrative appeal of the debt. DOR would prepare methods and procedures for referral, and those procedures and remedies would be in addition to any other procedure or remedy available by law.

ASSUMPTION (continued)

In Section 32.430, DOR would have the authority to use all general remedies afforded creditors of this state in collection of debt as well as any remedies afforded the state agency referring the debt and to the state in general as a creditor. DOR would be authorized to employ staff and attorneys, and at the department's discretion the attorney general, prosecuting attorneys, and private collection agencies could be authorized to collect such debts.

In section 32.440, DOR would be authorized to add ten percent to the debt for the cost of collection, and DOR would have the same collection authority with respect to the ten percent additional charge as to the debt referred by the state agency.

In Section 32.450, DOR would be authorized to compromise state debt in accordance with section 32.378.

In Section 32.460, DOR and the referring agency would be required to follow all federal and state laws regarding the confidentiality of information and records regarding the debtor; each state agency's confidentiality laws would also apply.

Section 105.716 would prohibit funds from the state legal expense fund for settlement of any liability claim except upon the production of a no tax due statement from DOR by the party making the claim or having judgment under section 105.711.

Section 140.910 would allow DOR to file a certificate of lien in the circuit court as provided by section 143.902, 144.380, or 144.690. DOR could issue an order directing any person to withhold and pay over to the department assets belonging to, due, or to become due the taxpayer. Assets subject to this provision are defined in the proposal.

Section 144.083 would require the possession of a retail sales license and a DOR statement of no tax due as a prerequisite to the issuance or renewal of any city or county occupation license or any state license which is required for conducting any business where goods are sold at retail. From January 1, 2009 until December 31, 2011, the possession of a DOR statement of no tax due under sections 143.191 to 143.265 or sections 144.010 to 144.510 would also be a prerequisite to the issuance or renewal of any city or county occupation license or any state license required for conducting any business where goods are sold at retail.

ASSUMPTION (continued)

Section 168.071 would require as of January 1, 2012, that the Department of Elementary and Secondary Education (DESE) provide the name and Social Security number of each certificate holder or applicant for a certificate to teach in Missouri to the DOR. DOR would be required to check the status of each certificate holder or applicant for certificate of a license to teach against a database developed by DOR to determine if all state income tax returns have been filed and all state income taxes owed have been paid.

DOR officials estimated FY 2012 increases to general revenue of approximately $27 million, FY 2013 increases to general revenue of approximately $25 million, FY 2014 increases to general revenue of approximately $26 million, and combined increases to total state revenue of approximately $90 million through FY14.

Statute Sections	Subject	FY 2012 Net GR	FY 2012 Total	FY 2013 Net GR	FY 2013 Total	FY 2014 Net GR	FY 2014 Total
32.028, 32.400, 32.410, 32.420, 32.430, 32.440, 32.450, 32.460	Centralized State Debt Collections	$0.75	$1.00	$4.00	$6.00	$5.00	$7.50
32.087	1% collection fee	$0.35	$0.35	$0.35	$0.35	$0.35	$0.35
32.38	Tax Amnesty	$20.00	$28.00	$0.00	$0.00	$0.00	$0.00
32.088, 105.716, 144.083, 140.910, 168.071	Enhanced No Tax Due and Garnishment Teacher Certificates	$6.00	$6.00	$20.63	$21.50	$20.63	$21.50

ASSUMPTION (continued)

Oversight has analyzed the DOR estimates of additional tax collections, but we are not able to determine the reasonableness of those estimates since we do not have access to comparable information for similar programs, nor are we able to review any of the supporting documentation for those estimates since the information is confidential. Accordingly, Oversight will indicate unknown additional revenues for the state General Revenue Fund in excess of $100,000, in addition to the recovery of program costs, for FY 2012, FY 2013, and FY 2014. Oversight will also indicate unknown additional revenues for the other state funds which receive sales tax collections, and for local governments.

DOR officials provided an estimate of the cost to implement the proposal.

Projected Amnesty Program Costs

Temporary Staff	$ 65,000
Equipment	$ 3,000
Postage	$ 500
Advertising	$400,000
Total	$468,500

Administrative costs

DOR officials assume that Personal Tax would require one additional FTE Revenue Processing Technician I (Range 10, Step L) per 2,400 accounts to be reviewed, tracked, and monitored. DOR officials also assume that implementing the proposal would require a systems upgrade of $1.5 million, professional services of $561,000, and additional postage of $86,250.

DOR officials submitted a cost estimate to implement the proposal including one additional employee with related fringe benefits, equipment, and expense, the amnesty program costs of $468,500, system upgrade of $1,500,000, professional services of $561,000, and additional postage of $86,250 totaling $2,553,596.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the additional position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has adjusted the DOR estimate of equipment and expense cost in accordance with OA budget guidelines, and Oversight assumes that one additional employee could be accommodated in existing office space.

Oversight will indicate unknown costs in excess of $100,000 in FY 2012, FY 2013, and FY 2014 for the Department of Revenue to administer the amnesty program and for the consulting, system upgrade, and additional postage.

DOR officials also provided an estimate of the IT cost to implement the program of $179,670 based on 6,780 hours of programming to update DOR systems.

Oversight assumes ITSD-DOR is provided with core funding to handle a certain amount of activity each year. Oversight also assumes ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the budget process.

Officials from the **Department of Agriculture** (AGR) assume this proposal would result in a loss of revenue to their organization. AGR officials stated that in situations in which less than the total amount is collected back, the payment would be applied proportionally to collection costs and the underlying debt. In delinquent loan situations, this is typically the case, so based on the past three years average:

> $63,609 collections for which collection assistance would be requested.
> ($63,609 + ((10% x $63,609)=$6,361))= $69, 970 = amount requested plus 10% collection fee added according to this proposal.
>
> $13,858 collected
> So, proportionally applying payment to the collection fee and MASBDA:
> ($69,970/$63,609)= 90.9%, and
> ($69,970/$6,361)=9.1%; therefore
> ($6,361*9.1%)=$1,261 reduced revenue to MASBDA because of the collection fee.

ASSUMPTION (continued)

Oversight assumes that delinquent accounts would be referred to the Department of Revenue after the Department of Agriculture had exhausted their internal collection process. Accordingly, any amounts collected by DOR on behalf of AGR would be greater than the collections on those accounts without DOR assistance. For fiscal note purposes, Oversight will not indicate a negative impact for AGR.

Section 32.115 Development Tax Credit

The proposed changes to Section 32.115 would prohibit the approval of new projects after June 30, 2011 but would allow the issuance of credits for projects approved prior to that date.

Officials from the **Department of Economic Development** assumed in response to similar provisions in SCS for SB 280 LR 1537-02 that there would be a range of potential positive fiscal impact, with the high end of the range represented by the applicable program cap and the low end represented by the average annual authorizations of tax credits under the applicable programs for fiscal years 2007 through 2009. This range reflects the fact although in any fiscal years there is the potential for tax credit authorizations under these programs up to the applicable cap, the actual authorizations are often less than the cap amount. The projected annual savings based on average authorizations (FY 07-FY 09) would be $1,450,000 and the maximum annual savings based on the current statutory cap would be $6,000,000.

Oversight assumes the proposed changes could result in a reduced amount of tax credits being issued in future fiscal years. Oversight will show a projected increase in net revenues greater than $100,000.

Section 32.385 Reciprocal Debt Offset Agreement

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed that similar provisions in HB 767 LR 1774-01 would not result in additional costs or savings to their organization.

ASSUMPTION (continued)

BAP officials stated that the proposal would allow the Department of Revenue and the Office of Administration to enter into a reciprocal collection and offset program with the federal government. Total State Revenue would increase by the amount of collections, and General Revenue would increase by the amount deposited into this fund. BAP deferred to the Department of Revenue for estimates of the costs and increased revenue collections resulting from this operational efficiency program.

Officials from the **Department of Revenue** (DOR) assume assumed that similar provisions in HB 767 LR 1774-01 would authorize the Director of Revenue and the Commissioner of Administration to enter into a reciprocal collection and offset of indebtedness agreement with the United States government.

- Under the agreement, a federal official could certify to the state of Missouri the delinquent nontax liability owed to the United States government, and request that the state of Missouri withhold any refund and vendor payment to which the person is entitled. The proposal would only become effective if the laws of the United States allow the state of Missouri to enter into a reciprocal agreement with the United States, under which the federal official would be authorized to offset federal payments to collect delinquent tax and nontax debts owed to the state and provide for the payment of the amount withheld to the state. The federal government could retain a portion of the proceeds of any collection setoff as provided under the agreement.

- Under the agreement, DOR would certify to a federal official the existence of a delinquent tax or nontax liability due the state owed to any state agency, request that the federal official withhold any eligible vendor payment to which the person is entitled, and would provide for the payment of the amount withheld to the state.

- The Director of Revenue and the Commissioner of Administration would also have the authority to enter into reciprocal agreements with any other state to offset any nontax debt from state tax refunds and payments otherwise due to vendors and contractors.

ASSUMPTION (continued)

DOR officials estimated additional revenues of $9 million in FY 2012, $7.3 million in FY 2013, and $5.5 million in FY 2014. The DOR estimate of costs for this program included postage of $37,400 for DOR and $660 for the Office of Administration, and fees of $93,500 to the federal government. The DOR response included costs only for FY 2012.

Oversight will use the DOR estimate of collections for this program, and will indicate the same expenses for FY 2012, 2013, and 2014.

Officials from the **Office of the Missouri State Public Defender** (MSPD) assumed in response to similar provisions in HB 767 LR 1774-01 that indebtedness agreements with the United states Government and/or other states should result in greater collections from past public defender clients who have an outstanding Public Defender lien against them. The Missouri State Public Defender has participated in the Department of Revenue's Debt Offset program for greater than 20 years. It is, by far, the single greatest source of collections from our past clients. In Fiscal Year 2010, we recovered $1,660,501 from past clients. Of this amount, $1,053,148 or 63% was from the DOR debt offset program. It is difficult to estimate the net collections this proposed legislation would generate.

Oversight assumes that if this proposal was implemented, the agreement with the federal government could be implemented in FY 2012 and could result in additional FY 2012 collections. Therefore, Oversight will indicate unknown additional revenue to the Legal Defense and Defender Fund for this proposal for FY 2012, FY 2013, and FY 2014.

Sections 135.025 and 135.030 Senior Property Tax (Circuit Breaker) Credit

Oversight received the following responses to similar provisions in SCS for SB 280 LR 1537-02.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would remove provisions making renters eligible for the Senior Property Tax Credit. Based on data reported to BAP by DOR in the autumn of 2010, renters redeemed $59.2 million in tax credits in 2008, and $56.6 million in tax credits in 2009. This proposal will increase general and total state revenues by similar amounts in FY12 and beyond.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (**DOR**) assumed in calendar year 2010 there were approximately 106,000 renters that received $57,000,000 in property tax credits. DOR assumes this proposal would require programming changes to the MINITS system and individual income tax and PRC forms and instruction changes will be required.

Officials from the **University of Missouri, Economic and Policy Analysis Research Center** assumed that of the approximately $119 million worth of Property Tax Credits claimed in FY 2009, $54 million of these credits were claimed by renters.

Oversight notes that this proposal would reduce the amount of rent considered to be property tax paid for purposes of this tax credit, from the current limit of $750 for 2011, to $575 for 2012, to $375 for 2013, to $200 for 2014. After January 1, 2015, there would be no property tax credit for renters.

Oversight assumes this provision would result in a savings to the state because the number of people who are eligible for the credit is reduced. Oversight will show the increase to net revenues from the tax credit program as $14.25 million for 2012 (FY 2013) and $28.5 million for 2013 (FY 2014). There would be savings of $42.75 million for 2014 (FY 2015), and $57 million for each subsequent fiscal year.

Section 135.352 Low Income Housing Tax Credit

This provision would limit the issuance of Missouri Low Income Housing Tax Credits to $110 million per year for projects authorized on or after June 30, 2011. An additional $3 million in tax credits could be authorized for projects financed with tax-exempt bond financing. The tax credits could be carried back two years and carried forward five years.

In response to SCS for SB 280 LR 1537-02, the Missouri Housing Development Commission (MHDC) provided this estimate of projected future tax credit usage under current law.

FY 2012	$165,756,074
FY 2013	$165,619,651
FY 2014	$165,719,974
FY 2015	$171,369,949
FY 2016	$175,235,605
FY 2017	$174,524,170

ASSUMPTION (continued)

Oversight notes that this provision, if enacted, would substantially reduce the issuance of Missouri Low Income Housing Tax Credits. Oversight also assumes that the reduction would begin to have an impact in FY 2013 since projects approved after June 30, 2011 would not result in tax credits issued until after the end of FY 2012. For fiscal note purposes, Oversight will indicate additional revenue from the reduction in tax credits greater than $100,000 per year for FY 2013 and 2014.

Section 135.484 Neighborhood Preservation Tax Credit

In response to similar legislation filed this year, SB 280, the following responded:

Officials from the **Department of Economic Development** assume this proposal lowers the cap on this credit from $16 million to $10 million. DED assume the potential positive fiscal impact from the Neighborhood Preservation tax credit programs sunset based on estimates of the range of potential positive fiscal impact, with the high end of the range represented by the applicable program cap and the low end represented by the average annual authorizations of tax credits under the applicable programs for fiscal years 2007 through 2009. This range reflects the fact although in any fiscal years there is the potential for tax credit authorizations under these programs up to the applicable cap, the actual authorizations are often less than the cap amount. The savings is based on the average authorizations (FY 07-FY 09) of $14,126,322 and the maximum savings based on the current statutory cap of $16,000,000.

Oversight assumes the reduction in the cap beginning on January 1, 2012 will increase state revenue by $6 million starting in FY 2014.

Section 135.630 Pregnancy Resource Center Tax Credit

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed that similar provisions in HCS for HB 649 LR 1606-03 would not result in additional costs or savings to their organization. The provision would have extended the PRC Tax Credit from August 2012 to August 2023. This proposal will reduce General and Total State Revenues.

Officials from the **Department of Revenue** assumed no impact on their organization from similar provisions in HCS for HB 649 LR 1606-03.

ASSUMPTION (continued)

Officials from the **Department of Social Services** assumed no fiscal impact on their organization from similar provisions in HCS for HB 649 LR 1606-03 as this bill would have re-authorized an existing program which was about to sunset.

Oversight assumes this tax credit was to sunset on August 28, 2012. This provision would extend the tax credit and therefore Oversight will indicate a loss to the state for tax credits which would be issued in FY 2013 and FY 2014. For fiscal note purposes, Oversight will indicate a cost equal to the $2 million annual cap.

Section 135.647 Food Pantry Tax Credit

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed that similar provisions in HCS for HB 649 LR 1606-03 would have no fiscal impact to their organization. This proposal would repeal the 2011 sunset on the Food Pantry Tax Credit, extend the program to 2015, and lower the cap from $2 million to $1 million annually. BAP officials noted that $793,734 was redeemed in FY 2010. Therefore this proposal will reduce general and total state revenues by $.8 million to $1 million annually.

Officials at the **Department of Revenue** assumed that similar provisions in HCS for HB 649 LR 1606-03 would have no fiscal impact to their organization.

Oversight notes that this provision would retain the current $2 million annual cap and assumes the extension of the sunset date from August 28, 2011 to August 28, 2019, would lower the state revenues of the state by the amount of the cap. Oversight will indicate a reduction in revenue to the General Revenue Fund of $2 million per year.

Section 135.1150 Residential Treatment Agency Tax Credit

Officials from the **Office of Administration, Division of Budget and Planning** (**BAP**) assumed a previous version of this proposal would allow a residential treatment agency (RTA) to apply for tax credits in an amount which does not exceed the amount of payments received by the agency from the Department of Social Services. BAP notes the agency is required to submit payment to the state before the tax credit is issued; therefore, this proposal will not impact general and total state revenues. DOR reports just under $552,000 in RTA redemptions in FY2010.

ASSUMPTION (continued)

Officials from the **Department of Social Services** assume the cap on the Residential Treatment Tax Credit in a previous version of this proposal would be raised to 100% of what the provider was paid in the last year (RSMo135.1150.5). The current limit is 40% of what the provider was paid. There are only 4 providers who have taken advantage of the tax credit since its inception, and none of them has reached the 40% cap. This change should have minimal impact.

Oversight will indicate no fiscal impact for prepurchase tax credit programs since the agency must purchase the tax credits from the state.

Section 67.3000 Sporting Event Tax Credit

In response to similar provisions in HB 336 LR 0910-02, the following responded:

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposed legislation would not result in additional costs or savings to BAP. This proposal would allow $10 million in tax credits annually in order to attract sporting events to Missouri. This proposal could therefore lower general and total state revenues up to this amount annually. This proposal may stimulate other economic activity, but BAP does not have data to estimate the induced revenues. The Department of Economic Development may have such an estimate.

Officials from the **Department of Revenue** (**DOR**) assume the need for two additional FTE to administer the tax credits. Personal Tax would need one Revenue Processing Technician per 6,000 claims, and Corporate / Withholding would need one Revenue Processing Technician per 6,000 additional tax credit redemptions. The cost of these two FTE are anticipated to be roughly $85,000 per year.

Oversight assumes this tax credit is limited in scope, and that the Department of Revenue would not incur the number of credit redemptions (count) that will require additional FTE.

ASSUMPTION (continued)

Officials from the **Department of Economic Development** (**DED**) assume that the implementation of this tax credit program would result in the need for one additional FTE to administer the program. The FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the tax credit applications to make sure they meet the criteria of the program, certifying the project, determining the geographic boundaries of the market area for the event, drafting and sending the tax credit awards and ensuring compliance with the program. The related costs for this FTE include one-time expenditures for systems furniture, a side chair, file cabinet, calculator and telephone and recurring costs for office supplies, computer, professional development and travel.

Oversight assumes that Department of Economic Development would not need any FTE until FY 2015, which is outside the fiscal note period.

Oversight notes that this proposal would not authorize tax credits for events held prior to August 28, 2014. Therefore the fiscal impact of this proposal would occur beginning in FY 2015 which is outside the fiscal note period. Oversight notes that in FY 2015 the impact to the General Revenue Fund would be the $10,000,000 cap on the tax credit as well as administrative costs.

Oversight assumes there would be some positive economic benefit to the state as a result of the changes in this proposal; however, Oversight considers these benefits to be indirect and therefore, have not reflected them in the fiscal note.

Section 135.1180 Developmental Disability Care Provider Tax Credit

Officials from the **Office of Administration, Division of Budget and Panning** assume this proposal creates a similar tax credit program for contributions made to Developmental Disability Care Providers. These agencies are required to submit payment to the state in amount equal to 50% of the donation, the equivalent amount of the tax credit. Therefore, this proposal will not impact general and total state revenues.

Officials from the **Department of Social Services** (**DOS**) assume this bill will create another tax credit for DOS to administer. The administration should be able to be accomplished with existing staff.

Officials from the **Department of Mental Health** assume that there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (**DOR**) assume section 135.1150 allows an agency to apply for tax credits in an aggregate amount that does not exceed forty percent of the payments made by the department to the agency in the preceding twelve months.

Section 135.1180 creates the "Developmental Disability Care Provider Tax Credit Program." This tax credit is for all tax years beginning on or after January 1, 2011, taxpayers will be allowed a credit against the taxes due under Chapters 143, 147, or 148 excluding withholding tax in an amount equal to 50% of the amount of an eligible donation, subject to the restrictions in this section. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state income tax liability. The credit is not refundable and may be carried forward four years. Tax credits issued under this section may be assigned, transferred, sold, or otherwise conveyed, and the new owner of the tax credit shall have the same rights in the credit as the taxpayer.

A provider may submit to DOS an application for the tax credit on behalf of taxpayers. DOS may create rules to implement the provisions of this section. The provisions of this program will sunset four years after August 31, 2011 unless re-authorized by the General Assembly.

DOR assumes DOR and ITSD-DOR will need to make processing changes to multiple processing systems. The Department will need to make forms changes. In addition Personal Tax and Corporate tax will each need a Revenue Processing Technician (starting salary $25,380) to handle the tax credit redemptions.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Oversight assumes that due to the limited number of individuals currently taking advantage of this program that DOR could absorb the duties of this bill with existing staff.

Oversight notes that section 135.1180.4(3) would require payment from the provider equal to the amount of the tax credit. Oversight will indicate no fiscal impact for prepurchase tax credit programs since the agency must purchase the tax credits from the state.

ASSUMPTION (continued)

Sections 135.1500- 135.1521 Aerotropolis Program

In response to similar provisions in HCS for HB 116 and 316 LR 0053-13, the following responded:

Officials from the **Office of Administration, Division of Budget and Planning** assume the Aerotropolis provisions includes tax credits and tax exemptions that would have an impact up to an aggregate reduction of $360 million from 2012-2026.

Officials from the **Department of Economic Development** (**DED**) assume this proposal would establish the Aerotropolis Trade Incentive and Tax Credit Act to encourage foreign trade and would require DED to administer the tax credit program. DED assumes a negative fiscal impact in excess of $100,000. DED would require two additional FTE's to administer the program due to the anticipated amount of administration involved. Both FTE's would be Economic Development Incentive Specialist III's and would be responsible for reviewing and approving the applications for the program to determine eligibility, establishing procedures, reviewing the tax credit applications to make sure they meet the criteria of the program, drafting and sending the tax credit awards, and ensuring compliance with the program.

The proposal would authorize the City of St. Louis or any county to designate gateway zones. The air export tax credit would be a 30% credit with an aggregate fiscal year cap of $60 million. Freight forwarders would be required to file an application with DED in order to receive the tax credits which would be based on the weight and type of freight. These credits could be carried forward. The proposal would require DED to establish procedures to allow freight forwarders to receive air export tax credits within five business days of the departure of the qualifying flight.

Another set of provisions would give incentives for owners and tenants of qualifying facilities located in a gateway zone in the form of tax credits, retained withholdings taxes and/or tax exemptions. The aggregate calendar year cap would be $300 million, based on the eligible costs of the qualifying facility. Owners of eligible facilities would also be entitled to receive tax credits over a three year period equal to 75% of a loan, provided the loan has a rate equal to or less than 7% per year. The proposal includes an aggregate calendar year cap of $120 million, based on the interest rate for the loan. The tax credits may be carried forward for six years and are transferable.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the additional position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes the DED estimate of expense and equipment cost for the new FTE could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly $12,900.

Oversight has indicated a cost for the tax credits based on the authorized tax credit amounts in the proposal. Air export tax credits are limited to $3.6 million in FY 2012, $4.2 million in FY 2013, and $5.4 million in FY 2014. Owner tax credits for eligible costs are limited to $6 million in FY 2013 and $ 12 million in FY 2014, and Owner tax credits for interest costs are limited to $3 million if FY 2013 and $6 million in FY 2014. Oversight does not have any information as to the amount of sales tax which might be withheld by qualified entities in FY 2013 and FY 2014 and will indicate an unknown loss. All costs are assumed to be paid from, or impact the General Revenue Fund.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** stated in response to a similar proposal (SB 390 LR 1807-01) that it is unknown how many insurance companies would choose to participate in this program and take advantage of the tax credits. The department has no means to arrive at a reasonable estimate of loss in premium tax revenue as a result of tax credits. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts through out the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

DIFP would require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

ASSUMPTION (continued)

Section 144.810 Sales and Use Tax Exemption for Server Farms and Data Storage Facilities

Oversight received the following information in response to SB 217 LR 1218-01.

Officials from the **Department of Economic Development** (DED) assumed the proposal would create a state and local sales and use tax exemption for data storage centers. The data storage centers that seek a tax exemption would be required to submit a project plan to the DED, and DED would be responsible for certifying the projects in conjunction with the Department of Revenue (DOR). The proposed legislation would also require random audits to ensure compliance with the intent the data storage centers and server farm facilities indicated in their project plan.

DED is unable to determine the exact impact the proposed legislation will have on total state revenue and therefore would anticipate an unknown impact to total state revenues over $100,000.

DED is responsible for determining eligibility for the exemption and also for the compliance and auditing functions required by the proposed legislation and anticipates the need for one additional FTE. This FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and conducting random audits to ensure compliance with the program.

DED submitted a cost estimate for the proposal including salaries, benefits, equipment, and expense totaling $60,576 for FY 2012, $65,674 for FY 2013, and $66,406 for FY 2014.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DED could absorb the additional workload with existing resources. If this proposal created an unanticipated increase in the DED workload, or if multiple proposals were implemented which created a substantial increase in the DED workload, resources could be requested through the budget process.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assumed the proposal would create a sales and use tax exemption for data center operations. The proposal would reduce state revenues.

Beginning August 28, 2011, the following would be exempt from sales and use tax:

* all electrical energy, gas, water and other utilities including telecommunication services used in a new data storage center
* All machinery, equipment and computers used in any new data storage center, and
* All sales at retail of tangible personal property and materials for constructing, repairing, or remodeling any new data storage center.

Entities would be required to submit a plan to the Department of Economic Development (DED) to determine eligibility. DED would certify the project to the DOR, and would issue an exemption certificate to the taxpayer. Beginning August 28, 2011 an expanding data storage center could be exempt from sales and use tax with the same criteria as with a new data storage center.

DED would conduct random audits, and DED and DOR would create rules to carry out the provisions of this legislation. DOR and ITSD-DOR would make programming changes to the sales tax processing system (MITS).

DOR assumes that Collections & Tax Assistance (CATA) would have additional contacts due to this exemption, and would require one additional FTE Revenue Processing Technician I (Range 10, Step L) per 24,000 additional contacts annually to the registration section, with CARES equipment and agent license, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually to the tax assistance offices, with CARES equipment and agent license.

DOR also assumes that Sales Tax would require one additional FTE Revenue Processing Technician I (Range 10, Step L) for completion of amended returns and processing refunds

DOR officials submitted an estimate of the cost to implement this proposal including three additional FTE and the related fringe benefits, equipment, and expense totaling $122,529 for FY 2012, $121,284 for FY 2013, and $122,558 for FY 2014.

ASSUMPTION (continued)

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal created a significant unanticipated increase in the DOR workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

The Department and ITSD-DOR would also make programming changes to the sales tax processing system (MITS). DOR did not provide an estimate of IT costs for the programming changes.

Oversight assumes ITSD-DOR is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the appropriation process.

Although officials from the **Office of Administration, Division of Budget and Planning** (BAP) did not respond to our request for information, in response to a similar proposal, HB 366 LR 1090-01, BAP officials assumed that the proposal would not result in additional costs or savings to their organization.

BAP officials also provided the following information in response to HB 366 LR 1090-01.

The proposal would define the following data center projects;

* Expanding facility -- $1 million investment within 12 months.

* New facility - a new facility that does not replace an existing facility, with investment of $5 million over 36 months.

This proposal would provide a sales tax exemption for inputs of production used by new data storage centers. This provision would not impact current general and total state revenues, but could result in future forgone revenue. This program may encourage other economic activity, but BAP does not have the data required to estimate the induced revenues. The Department of Economic Development may have such an estimate.

ASSUMPTION (continued)

This proposal also provides a sales tax exemption for certain inputs of production used by expanding data storage centers, to the extent the amount of new inputs exceed current input levels. This provision would not impact current general and total state revenues, but could result in future forgone revenue. This program may encourage other economic activity, but B&P does not have data to estimate the induced revenues. The Department of Economic Development may have such an estimate.

These firms may fall under NAICS 518210 or 519130. Officials from DED reported there were 377 Missouri firms in these codes in autumn of 2009.

Oversight notes that this proposal would require a minimum $5 million investment in a new facility within thirty-six months, or a minimum $1 million investment in an expanding facility within twelve months. The proposed project would require approval by the Department of Economic Development (DED) which would conditionally certify the project to the Department of Revenue (DOR). Upon completion of the project, DED would certify the project eligibility to DOR, and DOR would refund the sales tax paid on the project.

If the proposal became effective August 28, 2011, construction could begin late in FY 2012 and would likely not be completed until late in FY 2013. Refunds would not likely be certified and paid to project owners until FY 2014.

Oversight is not aware of any existing or planned projects which could qualify for the program, but if one new facility project was completed in time for a refund to be paid in FY 2014, the sales tax amounts could be computed as follows. Oversight assumes the entire $5 million investment would qualify for the exemption.

Entity	Sales Tax Rate	Sales Tax
General Revenue Fund	3%	$150,000
Conservation Commission Fund	1/8%	$6,250
School District Trust Fund	1%	$50,000
Parks, and Soil and Water Funds	1/10%	$5,000
Local Governments	Average 2.5%	$125,000

ASSUMPTION (continued)

For fiscal note purposes, **Oversight** will assume a significantly larger project would be completed in FY 2014 and will indicate an unknown revenue reduction in FY 2012 and FY 2013, and a revenue reduction in excess of $100,000 for FY 2014 for the General Revenue Fund, for local governments, and for other state funds which receive sales tax revenues.

Sections 196.1109 and 196.1115, and Sections 348.250-348.300 Missouri Science and Innovation Reinvestment Act.

The following responses were received to similar provisions in HCS for HB 468 LR 1352-04.

Officials from the **Department of Revenue** (DOR) assumed no impact to their organization but stated that the proposal would reduce total state revenue.

Officials from the **Department of Economic Development** (DED) assumed the following in estimating the state impact, based on wage data for the selected industry code employers provided by MERIC.

* DED calculated the most immediate preceding 3 years of average annual increase in gross wages for as outlined in proposed legislation.

* DED assumed that average annual growth of gross wages for the past 3 years would be a reasonable proxy of growth for the next 3 years into the future.

* DED applied the MOSIRA specified 6% "applicable percentage" for each year of growth. Note that because the base year does not change each year the "applicable percentage" is applied to the total growth off the base year in each successive year, hence the larger number each year.

* The DED estimate of fiscal impact was $4,458,161 for FY 2013, $8,916,322 for FY 2014, and $13,374,483 for FY 2015.

DED officials stated that MOSIRA would capture a small percentage of the new growth in gross wages generated by employees working in Missouri within designated science and innovation fields and reinvest it in science and innovation projects which demonstrate future job growth and increased economic activity.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed the proposed legislation would not result in additional costs or savings to their organization.

BAP officials identified several provisions in the legislation which may have budget or revenue implications, and noted that the proposal could result in the redirection of normal increases in income tax growth from GR into the new fund.

Officials from the **Missouri Consolidated Health Care Plan** (MCHCP) assumed the fiscal impact on MCHCP would be the product of the predicted membership magnitude of Missouri Technology Corporation (MTC) and the estimated net payment per active employee per year. MCHCP assumes the health status of MTC subscribers and their number of dependents per subscriber is similar to MCHCP's existing active employee population.

Net payments for active employee subscribers are approximately $9,727 per subscriber per year based on 2011 estimates. Eventually, MTC would have retirees covered under their medical plan. Again, assuming the health status of MTC retirees and their number of dependents per subscriber is similar to MCHCP's existing retiree population; net payments for retiree subscribers are approximately $7,776 per subscriber per year based on 2011 estimates.

Officials from the **Missouri State Employees Retirement System** (MOSERS) stated in order to participate in MOSERS, compensation must be paid by a "department" as defined in section 104.1003, RSMo, which includes an agency of the executive, legislative, or judicial branch and a body corporate or politic whose employees are eligible for MOSERS' coverage by law. In the event this legislation was enacted, the contribution rate applicable to MTC employees accruing service under MOSERS during the first year would be 13.97% of pay.

Oversight assumes that if the employee of the authority are allowed to join MOSERS, the contribution costs would be borne by the authority and not the State.

Officials at the **Joint Committee on Public Employee Retirement** reviewed the proposal and determined an actuarial study was not needed under the provisions of section 105.660, subdivision (10).

ASSUMPTION (continued)

Officials from the **University of Missouri** assumed the proposal would have a positive fiscal impact on the University, particularly in the areas of technology transfer and research and economic development, however, the amount of the impact is unknown.

Officials from the **Department of Labor and Industrial Relations** and the **Office of the State Auditor** assumed that there would be no fiscal impact to their organizations from the proposal.

Oversight assumes this proposal could have positive fiscal benefits for the state; however, Oversight considers these benefits to be indirect and have not reflected them on the fiscal note.

Section 215.020 MHDC Executive Director Subject to Senate Confirmation

This provision would set the term of office of the Executive Director of The Missouri Housing Development Commission at three years, subject to reappointment for additional terms, and subject to the advice and consent of the Missouri Senate.

Oversight assumes this provision would not have any fiscal impact to the state or to MHDC.

Sections 253.545, 253.550, 253.557, and 253.559 Historic Preservation Tax Credits

Oversight received the following in response to similar provisions in HB 905 LR 2039-01.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would change the application process for Historic Tax Credits, requiring an administrative fee up to one percent of the rehabilitation costs for each application. This fee would increase general and total state revenues by an unknown amount.

ASSUMPTION (continued)

Officials from the **Department of Economic Development** (DED) assume this proposal revises several provisions relating to the Historic Preservation Tax Credit program, which is administered by the Department of Economic Development's (DED) Division of Business and Community Services (BCS). Specifically, the proposal adds subsection 10 which allows taxpayers to appeal any official decision, including all preliminary and final approvals and denials of approvals made by the DED or DNR regarding the Historic Preservation program, and allows them to submit their appeal to an independent third party appeals officer designated by DED. BCS anticipates that the implementation of this provision would result in the need for one additional FTE to administer the appeals process for the program. The FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the tax credit appeal documents as submitted by the taxpayer and appeals officer, reviewing original application materials, responding to requests for information in regards to the appeals request, and attending meetings as needed.

Subsection 11 is added which would allow DED to charge a fee of no more than 1% of the estimated costs of the rehabilitation for each application. DED assumes this provision will have an unknown positive impact over $100,000, as the sole purpose of the fee is to fund the administration of the Historic Preservation tax credit program.

Oversight assumes that it is unclear how many taxpayers would request an appeal. Oversight assumes that DED can absorb the duties of this proposal with existing resources. Should DED experience a measurable increase in its workload as a direct result of this proposal then DED could request additional FTE in future budget requests.

Officials from the **Department of Natural Resources** (DNR) assume Section 253.559.7 eliminates the requirement that the applicant submit work for preliminary review by the State Historic Preservation Office (SHPO). Eliminating this requirement may streamline the process; however, it also introduces some degree of risk into the process that non-acceptable rehabilitation work will be done prior to SHPO review.

Section 253.559.10 allows for an appeals process where taxpayers or authorized representatives may appeal any official decision including all preliminary and final approvals or denial of approvals made by DED or DNR. Legislation allows DNR to submit a written response to the appeal and allows DNR to appear at meetings with the appeals officer. DNR is unable to estimate the number of appeals that may occur, therefore fiscal impact is unknown.

ASSUMPTION (continued)

Section 253.559.11 allows DED to charge a fee of up to one percent of the estimated cost of rehabilitation for each preliminary application submitted to be used solely for the purpose of funding the administration of the Historic Preservation Tax Credit Program. Legislation may result in additional funding to DNR for our part in administering the Historic Preservation Tax Credit Program, however, the legislation does not require DED to charge the fee. Additionally, the department assumes that any such funding would be subject to appropriation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Revenue** assume that there is no fiscal impact from this proposal.

Oversight assumes that all money received from the preliminary application fee will be used to pay the administration costs of the tax credit program including all DED and DNR expenses associated with the tax credit program. Oversight is showing the income and costs as netting to zero.

Section 447.708 Eligible Costs for Brownfield Remediation

The following responses were received similar provisions in HB 779 LR 1942-01.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed the proposal would expand the list of eligible expenses for remediation credits to include environmental insurance premiums and the backfill of areas where contaminated soil excavation occurs. To the extent this proposal results in increased participation in the remediation program, this may reduce general and total state revenues.

Officials from the **Department of Economic Development** assumed an unknown negative impact in excess of $100,00 as a result of the legislation. The legislation revises the Brownfield Remediation Tax Credit program by expanding the items considered to be eligible costs for the tax credit. This expansion will increase the amount of tax credits issued under the program.

Officials from the **Department of Natural Resources** and the **Department of Revenue** assumed there would be no fiscal impact to their organization from the proposal.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** (DIFP) stated it is unknown how many insurance companies will choose to participate in this program and take advantage of the tax credits. The department has no means to arrive at a reasonable estimate of loss in premium tax revenue as a result of tax credits. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts through out the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

Oversight assumes this proposal is an expansion of what qualifies for the tax credit and has the potential to increase the number of taxpayers eligible for the tax credit. Oversight will indicate an impact to the General Revenue Fund from $0 to (Unknown).

Sections 620.1878 and 620.1881 High Risk Metropolitan Area Technology Projects

Oversight received the following In response to similar provisions in HB 924 LR 2067-01.

Officials from the **Department of Economic Development** assume that this proposal increases the number of applicants for the tax credit however, the cap on the tax credit remains the same therefore, resulting in no fiscal impact from this proposal.

Officials from the **Department of Revenue** assume that the department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at $71,232 which is 2,688 FTE hours.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION (continued)

DOR officials assumed beginning August 28, 2011, in addition to the exemptions granted under Chapter 144, the Department may approve a qualified company for an exemption of up to 100% of the state sales and use taxes not to exceed three years from the date of approval of sales and leases of tangible personal property purchased for use in the project facility and of sales and leases of tangible personal property and materials for the purpose of constructing, repairing, or remodeling the project facility. Tax credits and exemptions allowed by this legislation will create an unknown, negative impact on Total State Revenue.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume that there is no fiscal impact from this proposal.

Oversight notes that employers must meet a number of requirements to receive benefits under these provisions and assumes that a limited number of employers would qualify for benefits. For example, an employer with 150 employees at an average salary of $40,000 and maximum state income tax withholding rate of 6% would result in withholding retention of (150*$40,000*6%) = $360,000. Oversight will indicate a fiscal impact from $0 - no participating employers to (Unknown) - multiple participating employers for this proposal due to the potential for withholding of payroll tax withholdings within the fiscal note period.

Section 620.1900 Tax Credit Administration Fees

This provision would require at least twenty percent of fees deposited into the Economic Development Advancement Fund to be appropriated for the administration of tax credit programs.

Oversight assumes these appropriations would be designations of funds appropriated to the Department of Economic Development and the Department of Natural Resources, respectively, and would have no net impact to the state.

Section 620.2300 Biomass Facilities

This provision would provide definitions for qualifying biomass facility projects, and **Oversight** assumes the provisions would not require any appropriation or expenditure of state funds. Accordingly, Oversight will indicate no fiscal impact for these provisions.

FISCAL IMPACT - State Government	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
Additional revenue - reduction in Development Tax credit Program (32.1115)	More than $100,000	More than $100,000	More than $100,000
Additional revenue - 1% retention from tax collections (32.087)	Unknown	Unknown	Unknown
Additional revenue - reduction in senior Citizen Property Tax Credit program (135.010)	$0	$14,250,000	$28,500,000
Additional revenue - reduction in Low Income Housing Tax Credit Program (Section 135.352)	More than $100,000	More than $100,000	More than $100,000
Additional revenue - reduction in Neighborhood Preservation cap (Section 135.484)	$0	$0	$6,000,000
Additional revenue - Amnesty program * (Section 32.383)	More than $100,000	$0	$0
Additional Revenue - reciprocal debt offset program (Section 32.385)	$9,000,000	$7,300,000	$5,500,000
Additional Revenue - DOR collection procedures (Various)	More than $337,827	More than $236,124	More than $237,808
Cost - Department of Revenue			
Salary (1.0 FTE)	($18,900)	($23,360)	($24,061)
Overtime	($68,000)	$0	$0
Fringe benefits	($45,483)	($12,227)	($12,594)
Equipment and expense	($5,444)	($537)	($553)
Total	($137,827)	($36,124)	($37,208)

Cost - Department of Revenue - collection procedures, amnesty program, consulting, system upgrade, and additional postage. (Various)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - interest, penalties, and additions to tax waived. * (Section 32.383)	(Unknown)	$0	$0
Cost - Department of Revenue and Office of Administration (Section 32.385)			
Postage	($38,060)	($38,060)	($38,060)
Collection charges	($93,500)	($93,500)	($93,500)
Total	($131,560)	($131,560)	($131,560)
Cost - Pregnancy Resource Center sunset extension (Section 135.630)	$0	($2,000,000)	($2,000,000)
Cost - Food Pantry Tax Credit sunset extension (Section 135.647)	($2,000,000)	($2,000,000)	($2,000,000)
Aerotropolis			
Cost - Dept Economic Development			
Personal Service (2 FTE)	($67,020)	($81,228)	($82,041)
Fringe Benefits	($35,078)	($42,515)	($42,940)
Equipment and Expense	($19,053)	($7,605)	($7,833)
Total Cost- DED (Section 135.1513)	($121,151)	($131,348)	($132,814)
Revenue reduction - air export tax credit (Section 135.1507)	(Up to $3,600,000)	(Up to $4,200,000)	(Up to $5,400,000)
Revenue reduction - income and franchise taxes withheld (Section 135.1513)	$0	(Unknown)	(Unknown)
Revenue reduction - owner tax credit for eligible costs (Section 135.1513)	$0	(Up to $6,000,000)	(Up to $12,000,000)

Revenue reduction - owner tax credit for interest costs (Section 135.1513)	$0	(Up to $3,000,000)	(Up to $6,000,000)
Revenue reduction - sales tax exemption for data storage facilities and server farms (Section 144.810)	(Unknown)	(Unknown)	(More than $100,000)
MOSIRA			
Revenue - from new taxes collected from new businesses.	Unknown greater than $1,000,000	Unknown greater than $1,000,000	Unknown greater than $1,000,000
Transfer Out- to MOSIRA Fund of the taxes from new employees in new businesses (Section 348.265)	(Unknown greater than $1,000,000)	(Unknown greater than $1,000,000)	(Unknown greater than $1,000,000)
Revenue reduction - withholding tax retention (Section 620.1878-620.1881)	$0 to (Unknown	$0 to (Unknown	$0 to (Unknown)
Revenue reduction - expansion of eligible costs for Brownfield Remediation Tax Credit Program (Section 447.708)	$0 to (unknown)	$0 to (unknown)	$0 to (unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	**Unknown Greater than $100,000**	**Unknown Greater than $100,000**	**Unknown Greater than $100,000**
Estimated Net FTE Impact on General Revenue Fund	3	3	3

Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

The Department of Revenue has estimated that the amnesty program would result in the collection of approximately $74 million in FY 2012 of which approximately $50 million is currently identified and the balance of approximately $24 million would be considered additional revenue. The interest, penalties, and additions to tax waived under the provisions of the amnesty program would be considered foregone prospective future revenue.

LEGAL DEFENSE AND DEFENDER FUND			
Additional Revenue - reciprocal debt offset program (Section 32.385)	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON LEGAL DEFENSE AND DEFENDER FUND	**Unknown**	**Unknown**	**Unknown**
CONSERVATION COMMISSION FUND			
Additional revenue - DOR collections procedures (Various)	Unknown	Unknown	Unknown
Revenue reduction - sales tax exemption for data storage facilities and server farms (Section 144.810)	(Unknown)	(Unknown)	(More than $100,000)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $100,000)**

MISSOURI SCIENCE AND INNOVATION REINVESTMENT FUND			
Transfer In - taxes from new employees in the new businesses	Unknown greater than $1,000,000	Unknown greater than $1,000,000	Unknown greater than $1,000,000
Costs - expenditures made by the MTC	(Unknown greater than $1,000,000)	(Unknown greater than $1,000,000)	(Unknown greater than $1,000,000)
ESTIMATED NET EFFECT TO THE MISSOURI SCIENCE AND INNOVATION REINVESTMENT FUND	**$0**	**$0**	**$0**
PARKS, AND SOIL AND WATER FUND			
Additional revenue - DOR collection procedures (Various)	Unknown	Unknown	Unknown
Revenue reduction - sales tax exemption for data storage facilities and server farms (Section 144.810)	(Unknown)	(Unknown)	(More than $100,000)
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $100,000)**

SCHOOL DISTRICT TRUST FUND			
Additional revenue - DOR collection procedures (Various)	Unknown	Unknown	Unknown
Revenue reduction - sales tax exemption for data storage facilities and server farms (Section 144.810)	(Unknown)	(Unknown)	(More than $100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $100,000)**

FISCAL IMPACT - Local Government	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL GOVERNMENTS			
Additional revenue - DOR collection procedures (Various)	Unknown	Unknown	Unknown
Revenue reduction - Department of Revenue collection percentage (Section 32.087)	(Unknown)	(Unknown)	(Unknown)
Revenue reduction - sales tax exemption for data storage facilities and server farms (Section 144.810)	(Unknown)	(Unknown)	(More than $100,000)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (More than $100,000)**

FISCAL IMPACT - Small Business

This proposal would have an impact to small business which participate in tax credit programs or operate in any of the other economic development programs amended in this proposal.

FISCAL DESCRIPTION

This proposal would make numerous changes to economic development, tax, and tax credit programs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
    Division of Budget and Planning
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Revenue
Department of Social Services
Department of Transportation
Office of State Public Defender
University of Missouri Economic and Policy Analysis Research Center

Mickey Wilson

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Director
May 11, 2011

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